

Indirect Cost Recovery and Reversion Reporting

In previous years DBM has collected indirect cost information at the end of the budget preparation process and has specifically requested the information from the agencies known to be recovering indirect costs. That policy has changed for FY 2008 and beyond.

All agencies receiving Federal Funds must complete form DBM-DA-27 (even if there are no recoveries to report). Additionally, agencies that are recovering indirect costs will be required to submit a copy of the latest approval letter from the federally cognizant agency with which the indirect cost recovery rate was negotiated.

Agencies are instructed to budget for internal indirect cost recoveries only after notifying the assigned DBM budget analyst of the intent to do so. No agency may budget the use of Statewide Indirect Cost Recoveries. **ALL STATEWIDE INDIRECT COST RECOVERIES MUST BE REVERTED TO THE GENERAL FUND.**

NEW DBM-DA-27 Form

The DBM-DA-27 form should be used by agencies to specify the exact amounts and types of indirect cost recoveries and reversions made. Data should be provided at the Program level and totaled to the Unit level and the Agency level. **ALL DATA REPORTED SHOULD BE FOR THE MOST RECENTLY COMPLETED FISCAL YEAR.** The following information will be required:

1. List the **Statewide Indirect Cost Recoveries**. This is the amount of total recoveries allocated to Statewide Indirect costs. The allocation percentage is determined by dividing the amount of statewide indirect costs utilized in the Indirect Cost Allocation Plan by the total amount of indirect costs utilized in the calculation of the **Federally Approved Indirect Cost Recovery Rate**. The resulting percentage is the **Federally Approved Statewide Cost Recovery Rate**. Please note that both of these rates are required in the two far right columns of the DA-27 Form.
2. List the **Internal Indirect Cost Recoveries**. This is the amount remaining from total indirect cost recoveries after Statewide Indirect Cost Recoveries have been subtracted.
3. Report the amount of Indirect Cost Recoveries **Reverted to the General Fund**. This amount should not be less than the amount of Statewide Indirect Cost Recoveries, but may be more.
4. Report the amount of **Indirect Cost Recoveries Retained by the Agency**. This amount should be no greater than the amount of Internal Indirect Cost Recoveries, but may be less.

Copies of the DA-27 Form and the negotiated agreement letter should be included in the agency's budget submission and electronic copies of the DBM-DA-27 should be sent to David Ryker: dryker@dbm.state.md.us

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(Program No. and Title)

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